

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 049371
ORIGIN EB-08

INFO OCT-01 EA-10 NEA-10 ISO-00 SOE-02 AID-05 CEA-01
CIAE-00 COME-00 DODE-00 DOE-11 H-01 INR-10 INT-05
L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-06 OES-07
SP-02 SS-15 STR-07 TRSE-00 ACDA-12 PA-01 /128 R

DRAFTED BY EB/ORF/FSE:DCJETT
APPROVED BY EB:JKATZ
EB/ORF - SWBOSWORTH
EB/ORF/FSE - DFHART
EA/TIMBS - ECHESKY (DRAFT)
DOE/IE - BKRITZER (DRAFT)
-----043340 260823Z /21

R 250101Z FEB 78
FM SECSTATE WASHDC
TO AMEMBASSY JAKARTA
INFO AMCONSUL MEDAN
AMCONSUL SURABAYA
AMEMBASSY TOKYO
AMEMBASSY ALGIERS

LIMITED OFFICIAL USE STATE 049371

E.O. 11652: N/A

TAGS: ENRG, ID

SUBJECT: PAC-INDO LNG CONFERENCE

REF: JAKARTA 1189

1) SUMMARY. DEPARTMENT OF ENERGY ECONOMIC REGULATORY
AGENCY (DOE/ERA) HELD MEETING FEBRUARY 22 TO DISCUSS
PETITIONS FOR REHEARING ON A NUMBER OF ISSUES IN THE
PAC-INDO LNG DECISION. WHILE FINAL DETERMINATION WILL
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 049371

NOT BE MADE ON THESE REQUESTS UNTIL AN ORDER IS ISSUED
BY DOE/ERA, THERE WERE INDICATIONS OF WHAT THE ORDER
MAY CONTAIN. DOE/ERA ADMINISTRATOR BARDIN SUGGESTED
THAT DISCUSSION OF WHAT WOULD BE AN ACCEPTABLE
ESCALATOR CLAUSE COULD BEST BE ADDRESSED IN DISCUSSIONS
BETWEEN INTERESTED PARTIES AND DOE STAFF. DEPARTMENT
WILL ALSO PARTICIPATE. END SUMMARY.

2) DOE/ERA ADMINISTRATOR BARDIN HELD A PUBLIC MEETING FEBRUARY 22 TO DISCUSS PETITIONS FOR REHEARING ON A NUMBER OF ISSUES RAISED IN DOE'S DECISION ON THE PAC-INDO LNG PROJECT. AN ORDER WILL BE ISSUED SHORTLY LISTING THE ISSUES ON WHICH DOE WILL GRANT PETITIONS FOR REHEARING. A COPY OF THE ORDER WILL

BE POUCHED TO THE EMBASSY WHEN IT BECOMES AVAILABLE. WHILE BARDIN DID NOT RULE ON ANY OF THE ISSUES AT THE MEETING, HE DID GIVE AN INDICATION OF WHAT THE ORDER MAY CONTAIN ON SOME OF THE ISSUES.

3) BARDIN INDICATED THAT PAC-INDO'S PETITION FOR REHEARING ON THE ESCALATOR WAS REASONABLE GIVEN THE APPLICANT'S NEED FOR ADDITIONAL TIME TO ENGAGE IN DISCUSSIONS WITH PERTAMINA. BARDIN SUGGESTED THAT THE APPLICANT PROVIDE HIM WITH A PROGRESS REPORT ON THE NEGOTIATIONS OVER THE PRICE ESCALATOR AND THE CURRENCY ADJUSTER. HE ALSO REQUESTED THAT THE PARTIES INDICATE AN APPROPRIATE DATE FOR A REPORT TO HIM.

4) WHEN ASKED FOR SOME CLARIFICATION ON WHAT TYPES OF PRICE ESCALATOR PROVISIONS WOULD BE ACCEPTABLE TO THE U.S. GOVERNMENT, BARDIN INDICATED THAT THIS ISSUE WOULD BEST BE DISCUSSED AT A CONFERENCE BETWEEN THE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 049371

PARTIES, DOE STAFF, AND THE STATE DEPARTMENT. HE SUGGESTED THAT DOE WOULD PROBABLY DEVELOP PROCEDURAL GUIDELINES FOR A CONFERENCE FOLLOWING THE ISSUANCE OF THE ERA ORDER ON THE CASE AND A REQUEST FROM THE PARTIES TO SCHEDULE A MEETING.

5) BARDIN DISCUSSED A NUMBER OF OTHER ISSUES INCLUDING THE FOLLOWING:

-- HE IS NOT INCLINED TO CHANGE HIS VIEW WITH REGARD TO THE PRICING PORTION OF THE DECISION. WHILE HE FAVORS INCREMENTAL PRICING, THE CALIFORNIA INVERTED-BLOCK-RATE STRUCTURE ACCOMPLISHES THE DESIRED ECONOMIC OBJECTIVES AND IS THEREFORE A REASONABLE SUBSTITUTE FOR INCREMENTAL PRICING.

-- BARDIN WOULD LIKE PAC-INDO TO DO AN ANALYSIS OF THE SUGGESTION BY THE CITY OF OXNARD FOR UNDERGROUND TANKS AND UNDERSEA FACILITIES.

-- THE QUESTION OF THE TERMINAL SITE IS STILL OPEN. OXNARD REMAINS THE PREFERRED SITE WHILE POINT

CONCEPTION AND OTHER POSSIBLE SITES ARE BEING STUDIED.
BARDIN STATED HE WANTS A FLEXIBLE PROCESS WHICH COULD
DEAL WITH MAKING A DECISION ON EITHER SITE OR EVEN
PERHAPS A THIRD SITE IF THE CALIFORNIA PUBLIC
UTILITIES COMMISSION MAKES SUCH A RECOMMENDATION.

-- THE PROBLEM OF AN APPROPRIATE COST-PASS-THROUGH
FORMULA ON SHIP CONSTRUCTION EXPENSES CAN ALSO BE
DISCUSSED IN CONFERENCE WITH STAFF. BARDIN DID NOT

WANT TO APPROVE ANY FORMULA THAT WOULD AUTOMATICALLY
PASS THROUGH ANY AND ALL CONSTRUCTION COST OVERRUNS.
HE INDICATED THAT HE WAS NOT OPPOSED TO A FORMULA
WHICH FLOWED THROUGH INCREASES IN MARINE OPERATING
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 STATE 049371

AND MAINTENANCE COSTS.

6) COMMENT. THE CONFERENCE SUGGESTED ON THE ESCALATOR
CLAUSE SHOULD PROVIDE THE VEHICLE FOR DISCUSSION OF
WHAT IS AN ACCEPTABLE FORMULA AS SUGGESTED IN REFTEL.
EMBASSY SHOULD CONTINUE TO TAKE APPROPRIATE OPPORTUNITIES
TO ASSURE INDONESIANS THAT THE INVOLVED DECISION-MAKING
PROCESS IS DUE TO THE COMPLEXITY OF THE PROJECT AND
LARGE NUMBER OF ISSUES THAT MUST BE CONSIDERED. VANCE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LPG, CONTRACTS, MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 feb 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE049371
Document Source: CORE
Document Unique ID: 00
Drafter: DCJETT
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780088-1235
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780212/aaaaajwe.tel
Line Count: 145
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 9293b5cf-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 JAKARTA 1189
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 02 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3473011
Secure: OPEN
Status: NATIVE
Subject: PAC-INDO LNG CONFERENCE
TAGS: ENRG, ID
To: JAKARTA
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/9293b5cf-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014